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To: Appointing Authorities, Personnel Officers and Union Contacts  
From: Alma G. McKinney, Director  
Subject: FY2007 Pay Plan Recommendations

Attached are the Personnel Advisory Board's pay plan recommendations for Fiscal Year 2007, as provided to Governor Blunt on August 24, 2005.

The Board's recommendations include fundamental elements of compensation which will provide equitable treatment of state employees, including general structure adjustments and market progression within-grade salary advancements. Their focus continues to be the recruitment and retention of a quality state workforce through compensation measures which are competitive with the labor market.

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Attachments

**Personnel Advisory Board**  
**Fiscal Year 2007 Pay Plan Recommendations**

August 24, 2005

**Summary of the Recommendations**

<b>Pay Plan Element</b>	<b>Amount of Increase</b>	<b>Employees Affected<sup>1</sup></b>
<b>General Structure Adjustment</b>	<b>3.5%</b>	<b>All employees</b>
<b>Within-Grade Salary Advancement<sup>2</sup></b>	<b>1.5% – 4.5%</b>	<b>Employees with a minimum of 18 months service and successful performance</b>
<b>Repositioning</b>	<b>8.0%</b>  <b>4.0%</b>	<b>10 Nursing classes; 967 employees</b>  <b>5 Corrections classes; 5,697 employees</b>  <b>15 Law Enforcement and 2 related classes; 208 employees</b>

<sup>1</sup> The estimated costs of these recommendations are on page sixteen.

<sup>2</sup> Please see pages five and six for further description of eligibility.

**Introduction**

The Personnel Advisory Board (PAB) provides oversight of the Uniform Classification and Pay System (UCP). The UCP System consolidates the various types of work performed in state government into homogeneous classes of positions. Each class is assigned to a pay range with a minimum and maximum rate of pay. An employee is hired into a position allocated to a specific class. Each year the Director of Personnel proposes to the Personnel Advisory Board recommendations for pay increases (referred to as the “pay plan”) for the coming fiscal year. To coincide with the budget cycle, these recommendations are provided to the Governor and state budgeting authorities a year in advance of the fiscal year for which they would be effective. Fiscal Year 2007 recommendations are issued prior to the budget instructions in the summer of 2005. The recommendations provide the framework for pay raises that address the major compensation issues confronting state government and the recruitment and retention of qualified, productive and motivated employees. Typically, the Board’s recommendations have not included employee benefits, the recommendations for which were addressed annually by the Missouri Commission on Total Compensation. A member of the PAB served on the Commission, for which the Executive Order (01-15) is effective until rescinded.

Over the past five years the state has been confronted with numerous fiscal crises. A very effective, long-term compensation plan implemented in the mid-1990s to recognize performance and proficiency of employees has long since been abandoned. In recent years state employee pay raises have not been the highest priority in the appropriations process. Health care and retirement benefits are among the demands on the state budget with which state employee pay raises must compete. These factors have resulted in Missouri now ranking 49<sup>th</sup> according to data published by the U. S. Census Bureau. (Please see table of states ranking on pages 13-14.)

The annual recommendations of the Personnel Advisory Board promote strategies to recruit, train, motivate and retain a high performance workforce. There are two basic components of a compensation system that must be achieved to remain viable: internal equity and external competitiveness. While internal equity between and among the various job classes is ensured through the classification activities of the Uniform Classification and Pay System, the equity within

job classes is compromised because employees do not advance through the pay range. Because salary increases have been minimal, external competitiveness has not kept pace with the labor market in which the state competes for employees.

A functioning salary administration system accomplishes many objectives for an organization: it attracts new employees; it retains trained, competent workers by acknowledging their increased proficiency and contributions; it rewards outstanding performance by providing incentives; and it adjusts to meet the demands of the labor market, particularly for hard to fill and high turnover jobs. The Board's annual pay plan recommendations are designed to accomplish these very objectives, which are not met by across-the-board, equal-dollar increases, or one-time fixes. Rather, an effective salary administration plan must be adopted, then maintained and adjusted on an on-going basis. Here is a summary of the specific increases proposed by the Board for FY'07 and the objective that each increase is designed to address.

### **General Structure Adjustment (COLA)**

Sometimes referred to as a "COLA," the General Structure Adjustment is designed to maintain state salaries by providing pay increases commensurate with those being provided by other employers, and by keeping up with living costs. All employees receive the General Structure Adjustment. The Board (along with most other employers and compensation consultants) has advocated that percentage based increases are more equitable for all state employees in meeting these objectives. Nevertheless, in the past six fiscal years it has been a common practice for the state to provide equal dollar increases that, on a percentage basis, provide greater increases for lower paid workers.

The Board has typically looked at economic indicators of four published sources to develop a recommendation for the General Structure Adjustment: Consumer Price Index; Employment Cost Index; World at Work Actual Salary Structure Increases; Growth in Personal Income in Missouri.

The amount of growth of these factors tends to balance one another out, thus providing a conservative yet consistent basis for the recommendation.

**The FY 2007 General Structure Adjustment recommendation is for a 3.5% increase:**

<b>Economic Indicator</b>	<b>Percentage</b>
<b><u>Consumer Price Index - St. Louis CPI-U</u></b> All Urban Consumers, Increase in 2nd half of 2004 over the 2nd half of 2003	<b>2.90%</b>
<b><u>Employment Cost Index (ECI) for Wages and Salaries</u></b> Midwest Region (excludes Benefits) Increase from March 2004 to March 2005	<b>2.20%</b>
<b><u>World at Work Actual Salary Structure Increases</u></b> for 2005 for Non-Exempt Salaried Workers	<b>3.60%</b>
<b><u>Growth in Personal Income in Missouri (GPI)</u></b> Increase in Personal Income for 4 quarters ending March 2005 over the 4 quarters ending March 2004	<b>5.40%</b>
<b>Average of the Indicators Listed</b>	<b>3.50%</b>

Equal dollar increases have an impact on pay rates and actual salaries of low and high paid workers. As an example, since July 1999 (FY 2000), the state has received three General Structure Adjustments. As a result, the lowest pay rates in the pay plan increased 19.5%, the average UCP system salary increased 11.8%, and the highest rates increased 2.8%. The following chart shows that, had the PAB's General Structure Adjustment recommendations been adopted, all state employee salaries would have increased 19.5%.

Fiscal Year	Actual Increases FY 2001 - FY 2005				PAB Recommendations	
	Annual Adjustment	Lowest Rate	Average Salary	Highest Rate	Percentage	Avg Salary
2000	Base Year	\$14,448	\$26,388	\$80,160	3.7%	\$26,388
2001*	\$1,020	\$15,048	\$27,490	\$81,180	3.1%	\$27,206
2002	\$0	\$15,468	\$27,831	\$81,180	3.5%	\$28,158
2003	\$0	\$15,468	\$27,706	\$81,180	4.4%	\$29,397
2004	\$600 if < \$40,000	\$16,296	\$28,400	\$81,180	3.8%	\$30,514
2005	\$1,200	\$17,268	\$29,504	\$82,380	3.3%	\$31,521
	<b>Overall \$ Increases</b>	<b>\$2,820</b>	<b>\$3,116</b>	<b>\$2,220</b>		<b>\$5,133</b>
	<b>Overall % Increases</b>	<b>19.5%</b>	<b>11.8%</b>	<b>2.8%</b>		<b>19.5%</b>

\*\$600 provided 7/1/2000 and \$420 provided 1/1/2001.

It is important to note that, during the above period of time, the state increased the contribution to the medical insurance plan from an annual average of \$3,912 in FY 1999 to \$6,840 in FY 2005. In a sense, this is a hidden pay increase for employees. At the same time, employee co-pays on medical insurance were increasing. The net affect of the additional contributions by the state and the additional co-pays are hard to assess. Disposable income would have increased only to the extent the pay increase exceeded any increase in health care plan contributions required by employees.

### **Within-Grade Salary Advancements**

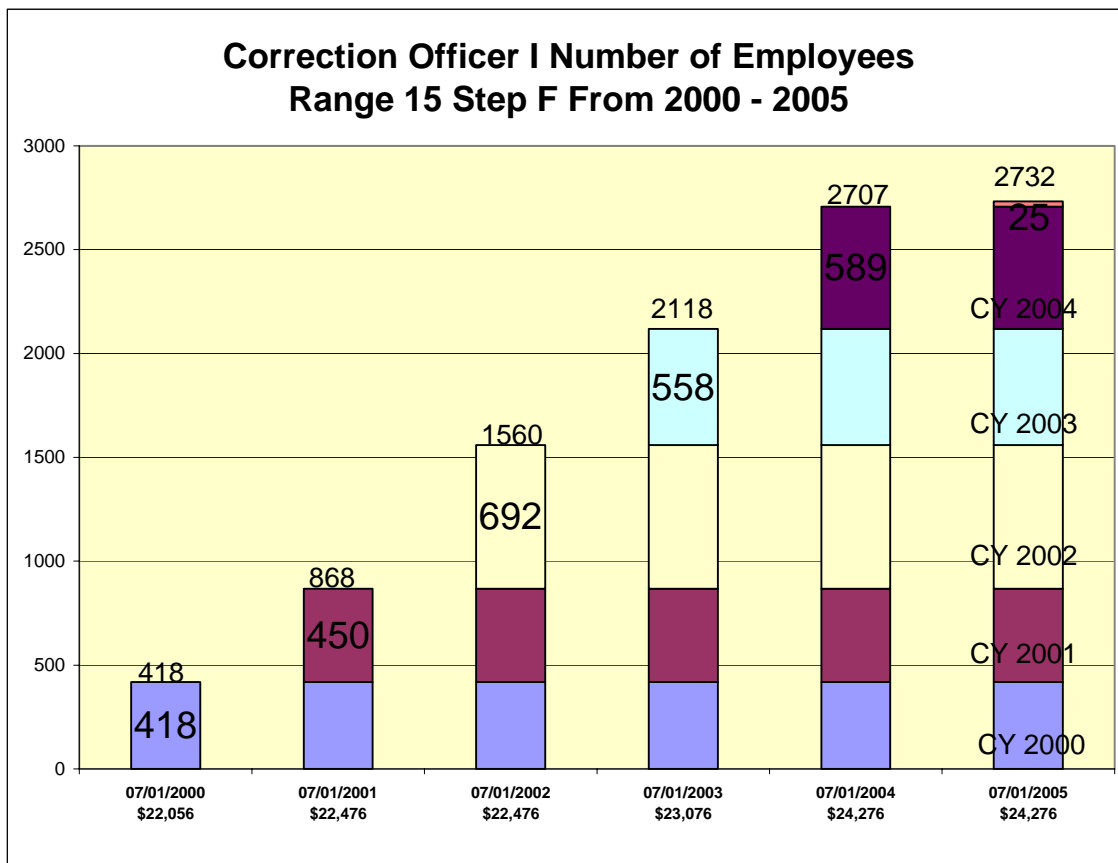
The Personnel Advisory Board is again recommending that the Market Progression Within-Grade Salary Advancement Program be reinstated. Within-Grade increases are the performance component of the pay plan recommendations.

Salary advancements within the range provide employee incentive, allow for administrative flexibility acknowledging the fact that not all positions within a class carry the same responsibilities and difficulties, and recognize individual differences in ability and performance among employees in the same class. Most importantly, within-grade increases reinforce successful performance of employees and enhance employee morale as their salary increases along with their increased proficiency, experience and contribution to the agency. A one step increase ranges from 1.5% to about 2.2%; a two step increase from about 3.0% to 4.4%. These increases are not provided to state employees on a regular basis unless specifically funded in the appropriations process.

Within-Grade increase would begin to address the pay compression situation where new employees who complete their probationary period (typically 6 months) earn the same amount as more tenured employees.

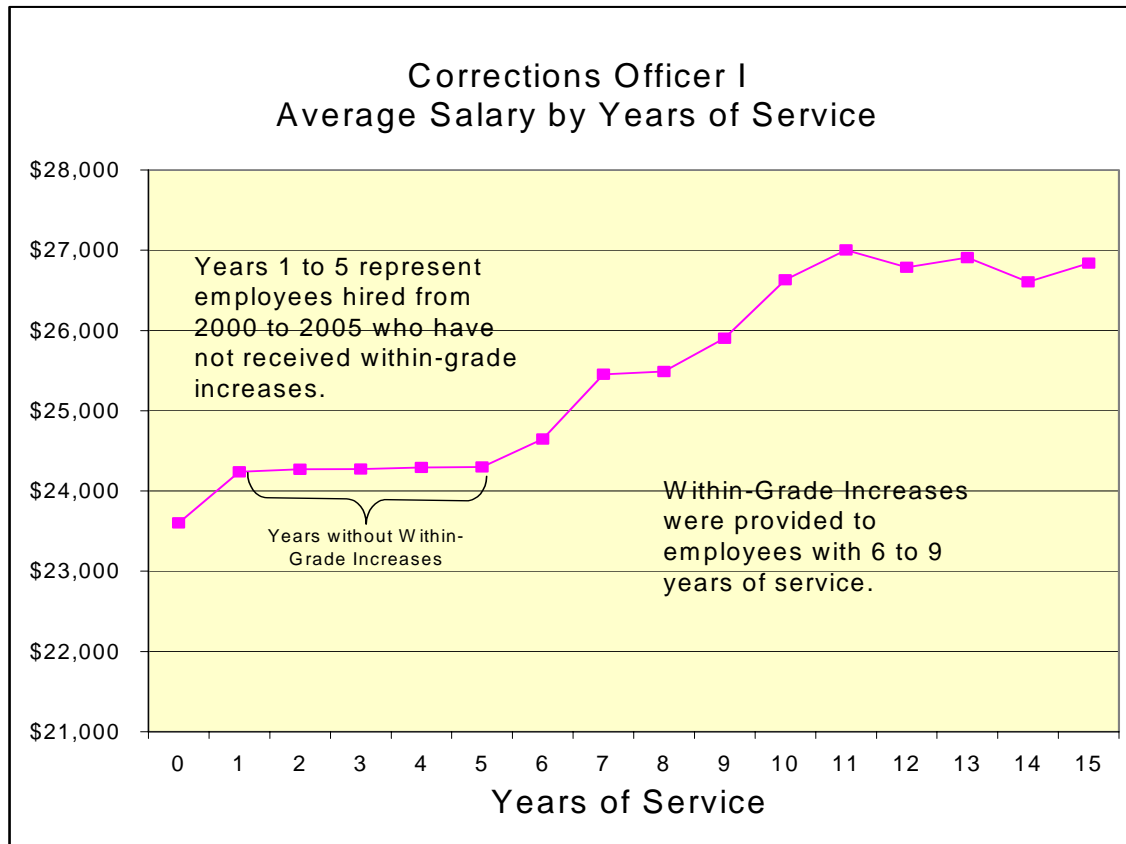
New employees receive an increase upon successful completion of probation, typically at six months, and are not eligible for a within-grade increase until 12 months later. To provide the within-grade increase to all employees typically costs less than 3%, even though the amount of increase is greater than 3%. By advancing employees through the pay range, we avoid the situation where new employees who complete their probationary period earn the same amount as longer term employees. Here is an example of a situation that within-grade salary advancements address, while achieving greater internal equity within a job class.

New Corrections Officers (CO I) are hired at \$23,520 per year. After 6 months COIs receive a salary advancement to \$24,276 upon completing probation and attaining regular status. Currently, 2,732 of 4,827 Corrections Officers (CO I) have the same pay rate, \$24,276, the end of probation rate. 2,938 Corrections Officers have been hired since the first of 2000. Of the 2,938 CO Is hired from 2000 - 2005, 2,663 (90%) are paid the same rate, \$24,276. The employees who have been on the job longer, and who are more familiar with their facility and operations are paid the same as a relatively new employee.



In 2000, 366 employees were paid the same rate. By 2004, this number increased to 2548 and is up to 2732 as of July 2005.

The following graph illustrates the average salaries of Corrections Officers by Years of Service and how Within-Grade salary advancements can reflect difference in pay between more experienced employees provided their performance is at least successful.



Of the 36,951 employees paid from Pay Grid A, 13,949 of them (37.7%) are on the first three steps of their pay range. Pay ranges consist of a minimum of 15 steps with a spread between the minimum and maximum rates ranging from 23% in the lowest pay range to 43% in the highest. Conversely, 267 employees (.7%) are paid at the top of the pay range. Clearly, the Uniform Classification and Pay System is experiencing a low end compression problem, as illustrated by the Corrections Officer I example, but evident in many of the 1,014 job classes in our system.

Currently, 83% of the employees on Pay Grid A are paid below the market rate for their pay range, 17% are at or above the market rate. The market rate is the rate at which the state is competitive with the labor market. This rate has not been adjusted other than through general pay increases which, overall, have not kept pace with the market. The lack of within-grade increases impedes our competitiveness and contributes to turnover, particularly in occupations where there is a demand for qualified, well trained employees such as nursing.

The Market Progression Within-Grade Salary Advancement Program enacted from FY 1997 through FY 2000 was very successful in advancing employees who were proficiently performing their jobs. It addressed the low end compression problem of employees who just completed probation (6 months of service) earning the same as employees with many years of service. It also gradually equated the salaries of all state workers with labor market salaries by advancing the pay of employees toward the market rate, a component of most pay systems. The Market Progression within-grade increase rewards employees who had a minimum of eighteen months of continuous state service and who met or exceeded their performance expectations by providing a

pay increase within the pay range to a higher rate (one or two steps on the grid). Employees were eligible to receive an increase ranging from about 1.5% to 4.4%, depending upon their range and step relative to the market rate. Here's how it works:

- ❖ The employee would receive a one step increase (about 1.5% - 2.0%) if the employee is paid one step below, at, or above the market rate for the pay range to which their class is assigned.
- ❖ The employee would receive a two step increase (about 3.0% - 4.4%) if the employee is paid two or more steps below the market rate for their pay range.
- ❖ Employees at the top step of their pay range are not eligible for the within-grade increase.

In July 2000 (FY 2001), the market progression within-grade increase was limited to one step for eligible employees. Since that time, it has not been funded at all.

The Rules and Regulations of the Personnel Advisory Board governing within-grade advancements [1 CSR 20-2.020(4)(B)2] state that "Within-grade, market progression or other specific salary advancements may be for one or more steps or for varying amounts or percentages within the range for the class, and may be based on the length of total service, performance appraisal, time in class, relative market position within the range, or any combination of these or other factors."

Alternative methods of within-grade increases are possible. For example, one might be to award each successful employee (who has 18 months of continuous state service) with a one-step (2%) increase within the range, and to award the highest performers with an additional one-step increase. This would serve to address the current pay compression situation and would reward the exceptional employees for their continued contributions. With the criteria being 18 months of service and successful performance, most employees would be eligible to receive the one-step increase.

There is unilateral support among the state agencies for reinstatement of the Market Progression Within-Grade Salary Advancement Program, as attested at the Public Hearing on the FY'07 Pay Plan, conducted by the Personnel Advisory Board on June 14, 2005. State agencies acknowledged the pay compression situation and the potential affects upon morale of not rewarding employees for their performance, their increased proficiency and their experience.

Here are the estimated costs for Uniform Classification and Pay System agencies.

**MARKET PROGRESSION WITHIN-GRADE**  
**Estimated Cost and Impact of Market Progression Within-Grade Salary Advancements for**  
**UCP System Classified / Covered Positions**

Agency Code	Agency	# of Employees	Total Salaries	# of Eligible Employees	% of Eligible Employees	Within Grade Estimate	Within Grade %
300	OFFICE OF ADMINISTRATION	719	\$26,771,626	689	95.8%	\$781,007	2.9%
350	AGRICULTURE	277	\$9,293,941	267	96.4%	\$281,508	3.0%
375	INSURANCE	120	\$3,745,728	109	90.8%	\$109,302	2.9%
419	ECONOMIC DEVELOPMENT	1,264	\$44,252,218	1,138	90.0%	\$1,208,465	2.7%
555	HIGHER EDUCATION	50	\$1,765,644	47	94.0%	\$55,572	3.2%
580	HEALTH & SENIOR SERVICES	1,790	\$64,383,452	1,725	96.4%	\$1,904,106	3.0%
625	LABOR & INDUSTRIAL REL	929	\$31,477,584	877	94.4%	\$826,935	2.6%
650	MENTAL HEALTH	8,295	\$229,657,257	7,294	87.9%	\$5,233,279	2.3%
780	NATURAL RESOURCES	1,636	\$57,215,536	1,539	94.1%	\$1,891,286	3.3%
812	PUBLIC SAFETY	2,243	\$61,377,617	1,710	76.2%	\$1,266,946	2.1%
860	REVENUE	1,630	\$48,469,311	1,538	94.4%	\$1,433,100	3.0%
886	SOCIAL SERVICES	8,573	\$250,367,071	7,602	88.7%	\$7,526,770	3.0%
931	CORRECTIONS	11,134	\$308,884,519	10,358	93.0%	\$9,560,731	3.1%
	<b>TOTALS</b>	<b>38,660</b>	<b>\$1,137,661,504.00</b>	<b>34,893</b>	<b>90.3%</b>	<b>\$32,079,007.0</b>	<b>2.8%</b>

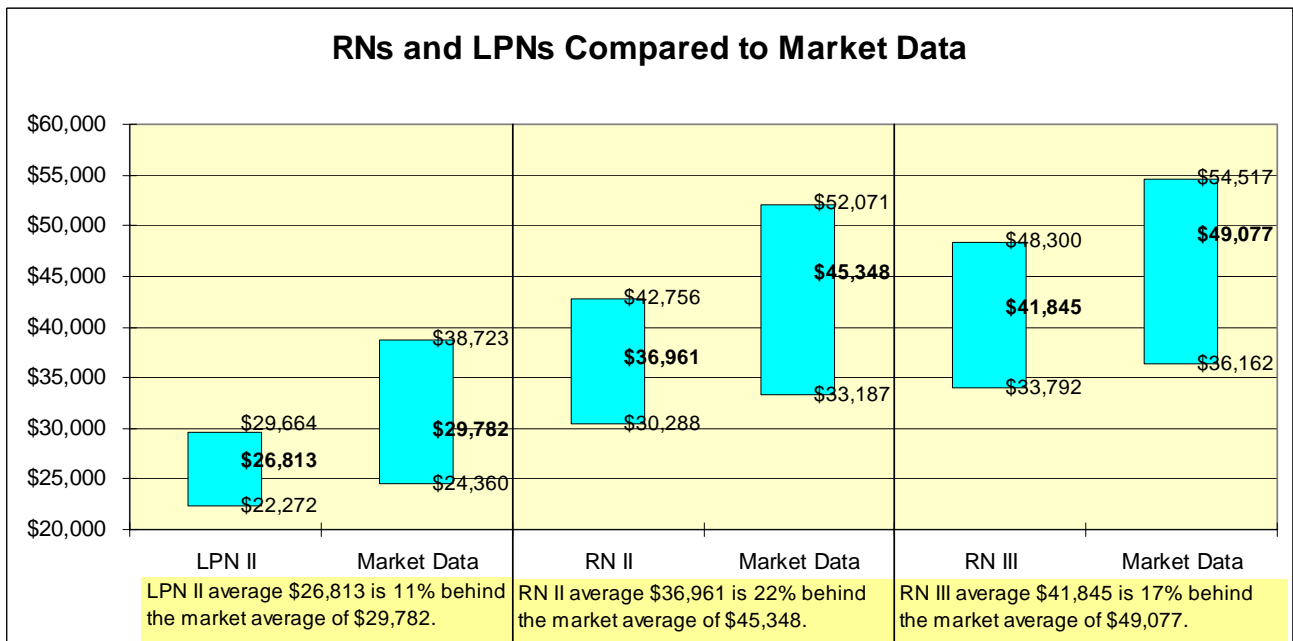


### **Repositioning**

Repositioning is the assignment of a job class to a different pay range, typically upward. It is considered the “fine tuning” element of the pay plan to address situations in job classes where recruitment and retention issues affect the ability of the agency to perform the work. The reassignment can be due to external market-driven factors and to address specific classes with high turnover that cause agencies to continually recruit, train and replace staff – at a substantial recurring cost. The classes proposed for repositioning are on page 12.

### **RNs and LPNs Primarily in the Department of Mental Health and the Missouri Veterans’ Homes**

The recommendation to reposition Registered Nurses and Licensed Practical Nurses is carried forward from the FY’06 recommendation for an increase of two pay ranges (approximately 8%). These occupations continue to be our most pressing area, with the recruitment and retention of RNs and LPNs being difficult, given the labor market shortages. Excessive turnover is plaguing these occupations even though the Department of Mental Health and the Missouri Veterans Commission are hiring staff in the upper half of the pay ranges to compete with local health care providers. Appointments at these accelerated rates minimize future advancement opportunities within the pay range for these employees. Also, vacancies in critical nursing positions can affect the number of patients that hospitals can accept under accreditation standards of the Joint Commission of the Accreditation of Hospitals and the federal Veterans Administration. Overall, the average salaries of RNs are about 19% behind the labor market, while the overall turnover is about 29%: LPN II turnover = 24%; RN II = 39%; RN III = 28%; RN IV = 20%.



In the metropolitan areas, the Department of Mental Health and the Veterans Homes are hiring employees near the top of the current pay range, in order to compete. Our pay range maximums are significantly less in most cases than those of other employers.

### **Corrections Officers**

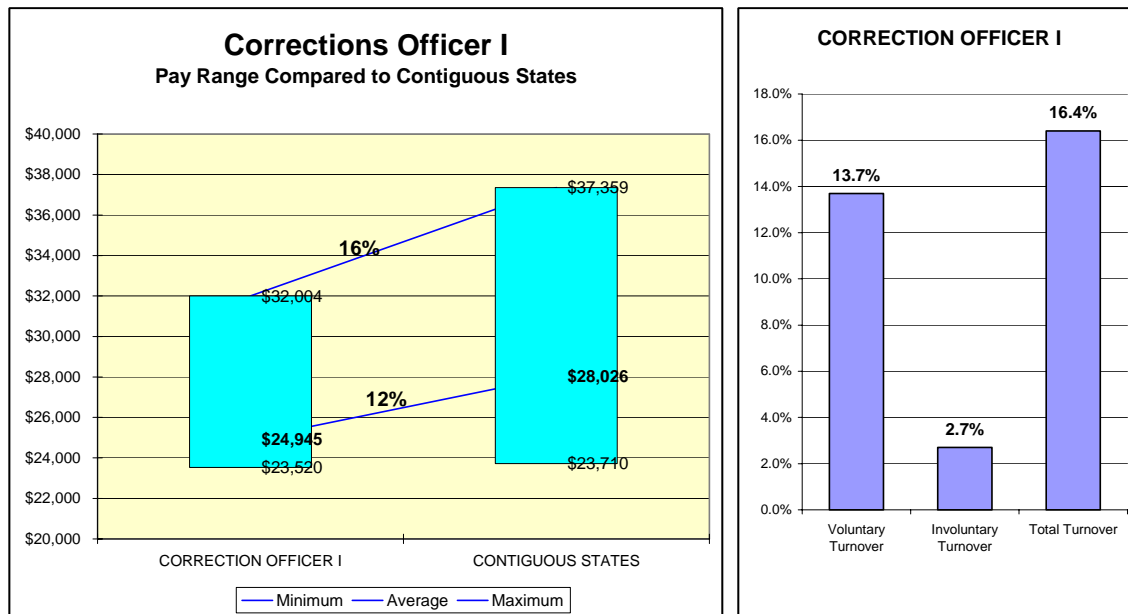
The recommendation to reposition Corrections Officers is driven primarily by turnover, although salaries are a factor. The Department of Corrections expends a significant amount of resources recruiting, testing, interviewing and screening applicants, then training those who are appointed. Add to this the cost and safety factor as new employees learn the various facets of the job, the cost of overtime to fill in for position vacancies, along with the impact on morale of consistently



being understaffed in a high stress environment. As there are about 4,900 Corrections Officers on board at any time, 13% voluntary turnover and 16% total turnover translates to 600 – 800 replacements per year.

Higher pay is not the solution to address turnover in every situation. In the case of Corrections, the working conditions, the stress level and finding the right person for the job are also factors. However, if pay is not competitive, turnover will be that much more difficult to reduce until salaries become competitive. Missouri's Corrections Officers are, on average, paid 12% less than their counterparts in the contiguous states. Although lack of within-grade salary advancements contribute to this difference, a higher starting salary (current minimum is \$23,520 per annum) would make these jobs more competitive among other employers in Missouri with whom the Department of Corrections competes for employees.

At a conservatively estimated cost of turnover at 25% of an employee's annual salary, turnover of 600 to 800 employees per year can range from \$3.5 to \$4 million dollars per year. While the cost of repositioning Corrections Officers one pay range is about \$4.9 million, it may be viewed as a long term investment toward reducing an on-going cost to the state.



In repositioning a class, another factor is the resulting pay compression with other classes in the series. In the case of Corrections, the repositioning of the CO I would result in compression with CO II and CO III. The differences in the duties and responsibilities of a supervisory job should be reflected in the differences in compensation. As such, both the CO II and CO III are being recommended for one range repositioning as well.

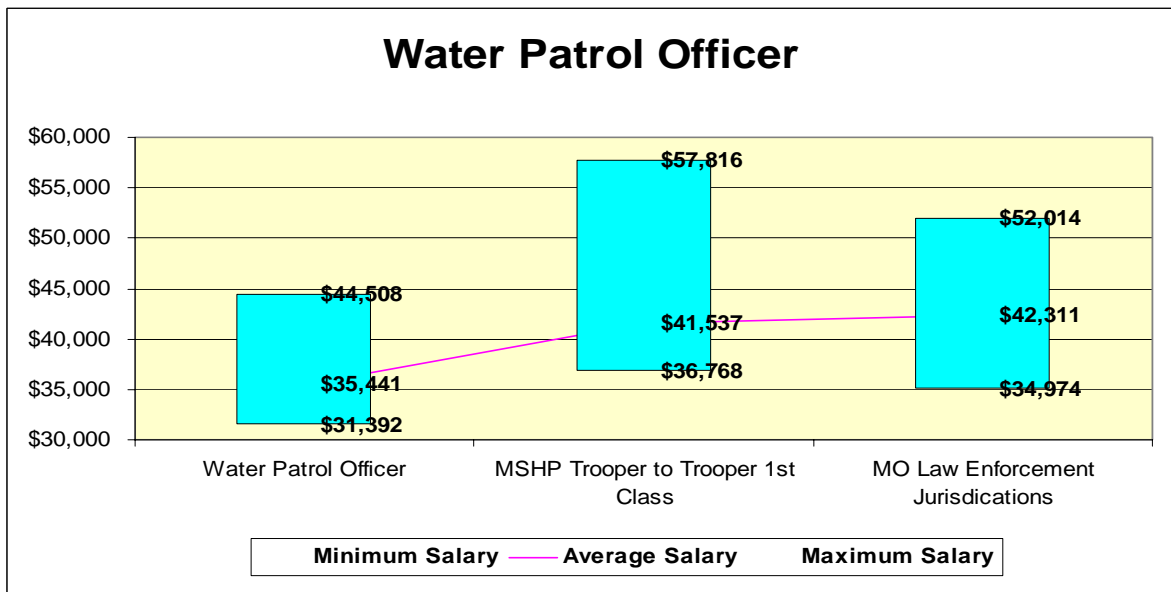
#### **Law Enforcement Officers in the Departments of Natural Resources and Public Safety**

The recommendation for one pay range repositioning for law enforcement officers is supported by a survey conducted of law enforcement jurisdictions in the state. The survey revealed that UCP system law enforcement officers are paid lower than most other police jurisdictions and lower than the Highway Patrol Troopers who are in the same state department, the Department of Public Safety, with the exception of the Park Rangers. A one pay range increase is being proposed to begin to close this 17% pay gap with the market. Since June 2004, the Missouri

State Highway Patrol has received pay increases averaging about 18% for Trooper 1<sup>st</sup> Class. At the same time Water Patrol Officers received the same increase as other employees, \$1,200 per annum in July 2004. This equated to about a 3.3% average increase for Water Patrol Officers. Repositioning, coupled with Within-Grade increases, would help address the turnover being experienced by the Water Patrol which, for the Officers, is 12.5% over the past year.

Similar to the Department of Corrections, the Water Patrol experiences significant costs in replacing officers who resign to work for other law enforcement jurisdictions. In a letter submitted to the Personnel Advisory Board, the Water Patrol indicates the cost to hire and train a new officer is \$50,000. At a continuing 10-12% turnover rate for 60 officers, the replacement cost is in the hundreds of thousands of dollars each year.

The Water Patrol also employs Radio / Telecommunication Operators. These employees provide the necessary communications between and among officers, reinforcing the safety required for effective law enforcement on the water. According to the Water Patrol, in the past two years five of six Radio/Telecommunication Operators have resigned, three of whom accepted employment in identical positions with the Highway Patrol for pay increases of \$5,000.



***The average salary of the Water Patrol Officers, \$35,441, is 17% behind that of the MSHP Troopers (\$41,537) and 19% behind that of other MO Law Enforcement jurisdictions (\$42,311). The earnings potential is also much greater.***

Similar to Corrections Officers, the Water Patrol class serves as a benchmark for other law enforcement classes, which are also being recommended for a one pay range increase due to the pay relationships with the labor market.

The Personnel Advisory Board acknowledges that there are other job classes with recruitment and retention problems where repositioning would begin to address our level of competitiveness. While repositioning calls attention to the most serious cases, the adoption of a consistent, realistic salary administration policy would minimize the need for future repositioning adjustments. Systemically, a General Structure Adjustment funded each year and Within-Grade Salary Advancements funded up to the market rate would provide the continuity of increases necessary to reward employees in a manner that is tied to performance and fosters the recruitment and retention of state employees.

**REPOSITIONING COST AND IMPACT BY AGENCY AND CATEGORY**

Agency Description	Category	Number of Classes	Number of Employees	Estimated Cost
ECONOMIC DEVELOPMENT	NURSING	1	3	\$11,964
CORRECTIONS	NURSING	4	13	\$43,128
	CORRECTIONS	<u>5</u>	5,697	\$4,881,528
	DOC TOTAL	9	5,710	\$4,924,656
HEALTH & SENIOR SERVICES	NURSING	1	1	\$3,036
MENTAL HEALTH	NURSING	10	688	\$1,937,136
NATURAL RESOURCES	LAW ENFORCEMENT	4	37	\$45,552
PUBLIC SAFETY	NURSING	5	232	\$717,300
	LAW ENFORCEMENT	<u>13</u>	171	\$232,440
	DPS TOTAL	18	403	\$949,740
SOCIAL SERVICES	NURSING	5	30	\$74,436
<b>GRAND TOTAL</b>			<b>6,872</b>	<b>\$7,946,520</b>

32 individual classes are being proposed for repositioning. The recommendation for each class is on the next page.

**REPOSITIONING COST AND IMPACT BY AGENCY, CATEGORY AND CLASS**

Agency (Category)	Title Code	Title	Current Pay Range	Proposed Pay Range	Number of Employees	Estimated Repositioning Cost
ECONOMIC DEVELOPMENT (NURSING)	004325	REGISTERED NURSE VI	A30	A32	3	\$11,964
CORRECTIONS (NURSING)	004319	LPN III GEN	A16	A18	2	\$4,152
	004323	REGISTERED NURSE IV	A27	A29	7	\$22,608
	004324	REGISTERED NURSE V	A28	A30	3	\$11,424
	004325	REGISTERED NURSE VI	A30	A32	1	\$4,944
	005001	CORRECTIONS OFCR I	A15	A16	4,827	\$3,994,500
	005002	CORRECTIONS OFCR II	A17	A18	639	\$627,072
	005003	CORRECTIONS OFCR III	A19	A20	212	\$243,432
	005118	PROBATION & PAROLE ASST I	A15	A16	14	\$11,820
	005119	PROBATION & PAROLE ASST II	A17	A18	5	\$4,704
					<b>5,710</b>	<b>\$4,924,656</b>
CORRECTIONS TOTAL						
HEALTH & SENIOR SERVICES (NURSING)	004323	REGISTERED NURSE IV	A27	A29	1	\$3,036

Agency (Category)	Title Code	Title	Current Pay Range	Proposed Pay Range	Number of Employees	Estimated Repositioning Cost
MENTAL HEALTH (NURSING)	004317	LPN I GEN	A12	A14	17	\$23,892
	004318	LPN II GEN	A13	A15	196	\$300,744
	004319	LPN III GEN	A16	A18	4	\$8,544
	004320	REGISTERED NURSE I	A20	A22	11	\$27,288
	004321	REGISTERED NURSE II	A22	A24	55	\$160,008
	004322	REGISTERED NURSE III	A25	A27	289	\$950,460
	004323	REGISTERED NURSE IV	A27	A29	109	\$434,592
	004324	REGISTERED NURSE V	A28	A30	6	\$26,868
	004325	REGISTERED NURSE VI	A30	A32	1	\$4,740
	004326	REGISTERED NURSE VII	A32	A34	0	\$0
MENTAL HEALTH TOTAL					688	\$1,937,136
NATURAL RESOURCES (LAW ENFORCEMENT)	001268	PARK RANGER CORPORAL	A24	A25	4	\$5,280
	001269	PARK RANGER RECRUIT	A20	A21	3	\$2,952
	001270	PARK RANGER	A22	A23	26	\$31,680
	001271	PARK RANGER SERGEANT	A26	A27	4	\$5,640
NATURAL RESOURCES TOTAL					37	\$45,552
PUBLIC SAFETY (NURSING)  (LAW ENFORCEMENT)	004318	LPN II GEN	A13	A15	2	\$3,336
	004319	LPN III GEN	A16	A18	105	\$245,220
	004322	REGISTERED NURSE III	A25	A27	60	\$200,592
	004323	REGISTERED NURSE IV	A27	A29	57	\$234,108
	004324	REGISTERED NURSE V	A28	A30	8	\$34,044
	000660	CAPITOL POLICE OFFICER	A19	A20	21	\$22,548
	000661	CAPITOL POLICE SERGEANT	A23	A24	5	\$6,588
	000662	CAPITOL POLICE LIEUTENANT	A27	A28	2	\$3,504
	007200	WATER PATROL OFCR	A23	A24	56	\$73,068
	007201	WATER PATROL CORPORAL	A25	A26	14	\$21,984
	007202	WATER PATROL SERGEANT	A27	A28	11	\$21,252
	007220	RADIO/TELECOMMUN OFCR I	A17	A18	4	\$3,720
	007221	RADIO/TELECOMMUN OFFICER II	A19	A20	3	\$3,696
	008561	AGENT (LIQUOR CONTROL)	A22	A23	5	\$6,192
	008562	SPECIAL AGENT (LIQUOR CONTROL)	A24	A25	30	\$41,376
	008563	DISTRICT SUPV (LIQUOR CONTROL)	A28	A29	2	\$3,696
	008571	FIRE INVESTIGATOR	A24	A25	16	\$21,396
	008573	FIRE INVESTIGATION SUPERVISOR	A28	A29	2	\$3,420
PUBLIC SAFETY TOTAL					403	\$949,740
SOCIAL SERVICES (NURSING)	004318	LPN II GEN	A13	A15	11	\$14,268
	004321	REGISTERED NURSE II	A22	A24	5	\$13,908
	004322	REGISTERED NURSE III	A25	A27	7	\$22,044
	004323	REGISTERED NURSE IV	A27	A29	6	\$19,740
	004324	REGISTERED NURSE V	A28	A30	1	\$4,476
SOCIAL SERVICES TOTAL					30	\$74,436
GRAND TOTAL					6,872	\$7,946,520

**FY 2007 REPOSITIONING RECOMMENDATION BY CATEGORY AND CLASS**

	Current			Proposed				
CLASS TITLE	Pay Range	Min	Max	Pay Range	Min	Max	Number of Employees	Estimated Repo Cost
NURSING								
LPN I GEN	A12	\$21,564	\$28,116	A14	\$22,776	\$30,840	17	\$23,892
LPN II GEN	A13	\$22,272	\$29,664	A15	\$23,520	\$32,004	209	\$318,348
LPN III GEN	A16	\$24,276	\$33,180	A18	\$25,932	\$36,444	111	\$257,916
REGISTERED NURSE I	A20	\$28,260	\$40,080	A22	\$30,288	\$42,756	11	\$27,288
REGISTERED NURSE II	A22	\$30,288	\$42,756	A24	\$32,580	\$46,356	60	\$173,916
REGISTERED NURSE III	A25	\$33,792	\$48,300	A27	\$36,444	\$53,520	356	\$1,173,096
REGISTERED NURSE IV	A27	\$36,444	\$53,520	A29	\$40,080	\$58,260	180	\$714,084
REGISTERED NURSE V	A28	\$37,812	\$55,848	A30	\$41,676	\$60,792	18	\$76,812
REGISTERED NURSE VI	A30	\$41,676	\$60,792	A32	\$46,356	\$66,228	5	\$21,648
REGISTERED NURSE VII	A32	\$46,356	\$66,228	A34	\$50,340	\$72,252	0	\$0
NURSING Total 10 Classes							967	\$2,787,000
CORRECTIONS								
CORRECTIONS OFCR I	A15	\$23,520	\$32,004	A16	\$24,276	\$33,180	4,827	\$3,994,500
CORRECTIONS OFCR II	A17	\$25,068	\$35,076	A18	\$25,932	\$36,444	639	\$627,072
CORRECTIONS OFCR III	A19	\$27,276	\$37,812	A20	\$28,260	\$40,080	212	\$243,432
PROBATION & PAROLE ASST I	A15	\$23,520	\$32,004	A16	\$24,276	\$33,180	14	\$11,820
PROBATION & PAROLE AST II	A17	\$25,068	\$35,076	A18	\$25,932	\$36,444	5	\$4,704
CORRECTIONS Total 5 Classes							5,697	\$4,881,528
LAW ENFORCEMENT								
CAPITOL POLICE OFFICER	A19	\$27,276	\$37,812	A20	\$28,260	\$40,080	21	\$22,548
CAPITOL POLICE SERGEANT	A23	\$31,392	\$44,508	A24	\$32,580	\$46,356	5	\$6,588
CAPITOL POLICE LT	A27	\$36,444	\$53,520	A28	\$37,812	\$55,848	2	\$3,504
PARK RANGER CORPORAL	A24	\$32,580	\$46,356	A25	\$33,792	\$48,300	4	\$5,280
PARK RANGER RECRUIT	A20	\$28,260	\$40,080	A21	\$29,244	\$41,676	3	\$2,952
PARK RANGER	A22	\$30,288	\$42,756	A23	\$31,392	\$44,508	26	\$31,680
PARK RANGER SERGEANT	A26	\$35,076	\$51,372	A27	\$36,444	\$53,520	4	\$5,640
WATER PATROL OFCR	A23	\$31,392	\$44,508	A24	\$32,580	\$46,356	56	\$73,068
WATER PATROL CORPORAL	A25	\$33,792	\$48,300	A26	\$35,076	\$51,372	14	\$21,984
WATER PATROL SERGEANT	A27	\$36,444	\$53,520	A28	\$37,812	\$55,848	11	\$21,252
RADIO/TELECOMM OFCR I	A17	\$25,068	\$35,076	A18	\$25,932	\$36,444	4	\$3,720
RADIO/TELECOMM OFCR II	A19	\$27,276	\$37,812	A20	\$28,260	\$40,080	3	\$3,696
AGENT (LIQUOR CONTROL)	A22	\$30,288	\$42,756	A23	\$31,392	\$44,508	5	\$6,192
SPECIAL AGENT (LIQ CTRL)	A24	\$32,580	\$46,356	A25	\$33,792	\$48,300	30	\$41,376
DISTRICT SUPV (LIQ CTRL)	A28	\$37,812	\$55,848	A29	\$40,080	\$58,260	2	\$3,696
FIRE INVESTIGATOR	A24	\$32,580	\$46,356	A25	\$33,792	\$48,300	16	\$21,396
FIRE INVESTIGATION SUPV	A28	\$37,812	\$55,848	A29	\$40,080	\$58,260	2	\$3,420
LAW ENFORCEMENT Total 17 Classes							208	\$277,992
GRAND TOTAL 32 Classes							6,872	\$7,946,520

**Public Employment 2003 (States Ranked by Average Annual Salary)**

State Name	Full-Time Equivalent Employment	Total March Payroll	Average Annual Salary	Average Salary Rank
California	245,821	\$1,163,524,471	\$56,799	1
New York	195,054	\$847,831,885	\$52,160	2
Connecticut	41,892	\$179,890,623	\$51,530	3
New Jersey	113,159	\$482,689,373	\$51,187	4
Rhode Island	13,868	\$58,782,257	\$50,864	5
Massachusetts	63,511	\$266,368,331	\$50,329	6
Colorado	28,069	\$116,383,037	\$49,756	7
Minnesota	37,656	\$153,160,099	\$48,808	8
Alaska	19,580	\$77,609,399	\$47,564	9
Nevada	15,777	\$61,594,926	\$46,849	10
Illinois	76,533	\$298,237,276	\$46,762	11
Ohio	67,567	\$257,478,265	\$45,729	12
Iowa	26,898	\$102,084,091	\$45,543	13
Michigan	69,322	\$262,881,972	\$45,506	14
Washington	62,965	\$238,685,195	\$45,489	15
Wisconsin	35,103	\$127,027,328	\$43,424	16
Pennsylvania	98,201	\$353,572,442	\$43,206	17
Oregon	37,426	\$133,621,283	\$42,843	18
Maryland	63,087	\$224,338,783	\$42,672	19
Vermont	8,450	\$29,614,773	\$42,056	20
Maine	14,267	\$48,459,567	\$40,759	21
Delaware	16,671	\$54,697,446	\$39,372	22
Hawaii	48,805	\$153,670,918	\$37,784	23
Virginia	66,479	\$208,473,641	\$37,631	24
Arizona	36,604	\$114,407,955	\$37,507	25
Utah	24,353	\$75,942,504	\$37,421	26
New Hampshire	12,730	\$39,580,777	\$37,311	27
Alabama	45,574	\$139,246,884	\$36,665	28
Idaho	13,642	\$41,595,934	\$36,589	29
Montana	12,010	\$36,590,702	\$36,560	30
Wyoming	8,720	\$26,532,293	\$36,512	31
Kentucky	46,142	\$140,153,393	\$36,449	32
North Carolina	79,752	\$238,539,187	\$35,892	33
Florida	129,167	\$386,002,922	\$35,861	34
New Mexico	27,255	\$80,699,079	\$35,531	35
Texas	171,092	\$506,168,741	\$35,502	36
Louisiana	58,084	\$170,857,466	\$35,299	37
Oklahoma	37,582	\$108,943,357	\$34,786	38
Tennessee	46,016	\$132,481,545	\$34,548	39
Kansas	24,103	\$68,868,169	\$34,287	40
South Dakota	8,016	\$22,891,908	\$34,269	41
Indiana	36,442	\$102,904,394	\$33,885	42
North Dakota	9,406	\$26,529,116	\$33,845	43
Georgia	71,785	\$201,198,085	\$33,633	44
South Carolina	47,049	\$127,777,041	\$32,590	45

The eight states contiguous to Missouri are highlighted.

State Name	Full-Time Equivalent Employment	Total March Payroll	Average Annual Salary	Average Salary Rank
Arkansas	32,062	\$85,951,939	\$32,170	46
Nebraska	20,695	\$55,218,419	\$32,018	47
West Virginia	25,086	\$66,377,270	\$31,752	48
<b>Missouri</b>	<b>61,030</b>	<b>\$157,805,102</b>	<b>\$31,028</b>	<b>49</b>
Mississippi	36,352	\$90,908,176	\$30,009	50

Source: U. S. Census Bureau  
State Government Employment and Payroll  
March 2003  
State Government Data from <http://ftp2.census.gov/govs/apes/03stall.xls>

Note: Does not include Higher Education data.



### **Summary**

The establishment and revision of pay for positions in the public service is a complex and sometimes controversial aspect of management. The ramifications of any pay plan are many as the responsibility of human resource management is related to revenues, budgetary prioritization of demands, the nature of public employment and, the provision of benefits in addition to salary. State employees, taxpayers, the Governor, legislators, appointing authorities, budget officials and unions all have a vital interest in one or more aspects of the pay plan; however, they do not all have the same objectives.

In a competitive labor market, employees will be attracted to and accept the positions providing the most competitive salaries and benefits. The amount of compensation is one of the major determinants of the quality of the applicants for positions in any governmental unit. While it is true that tenure considerations and reasonable hours and working conditions are attractions of public service, these should be used as further means of attracting qualified applicants and employees, rather than as a substitute for actual compensation.

Currently, state salaries trail the labor market by about 13%, and pay increases have been inconsistent. In the meantime, health care and retirement benefits have been consistently funded. State employees do not live on their health insurance, retirement, annual and sick leave or holidays. Rather, employees depend on their paychecks to exist and to provide for their families.

The overall recommendations of the Personnel Advisory Board serve to boost the starting rates of pay and the actual rates of pay of employees, thereby increasing the competitiveness of state jobs, while recognizing the performance, experience and contribution of longer term employees. The recommendations also propose some "fine tuning" adjustments, in response to labor market demands and high turnover. The Personnel Advisory Board and the Director realize that salary administration should not be a matter of group pressures or of personal influence, but decisions should be reached in consideration of pertinent facts and principles that have been verified in practice. These recommendations provide guidance to budgeting authorities in adopting a sound and equitable pay plan that is accountable to taxpayers and their representatives.

The problem of compensation is one of the most complex in the area of human resource management and is unsurpassed in importance of maintaining a workforce with a high level of competence. It involves intricate technical problems as well as major policy questions, and demands the most serious attention of administrators and legislators.

The Personnel Advisory Board and the Director of Personnel look forward to continuing the cooperative effort with all other stakeholders in advancing these recommendations. If implemented, the recommendations would reward employees for the excellent work performed, and would foster the state's ability to recruit, employ, motivate and retain a highly competent, well trained and productive workforce.

A summary of the impact of the recommendations upon various job classes is on page 11.

**FY 2007 RECOMMENDATIONS  
Summary of Estimated Costs**

<b>Uniform Classification and Pay System</b>				
<b>Pay Plan Element</b>	<b>General Revenue</b>	<b>Non-General Revenue</b>	<b>Total</b>	<b>Percentage of Total Personal Service</b>
General Structure Adjustment (3.5%)	\$33,363,059	\$21,755,985	\$55,119,044	3.5%
Within Grade Salary Advancements	\$26,576,200	\$17,741,104	\$44,317,304	2.8%
Repositioning	\$8,326,219	\$1,295,428	\$9,621,647	0.6%
<b>Total UCP System Agencies</b>	<b>\$68,265,478</b>	<b>\$40,792,517</b>	<b>\$109,057,995</b>	<b>6.9%</b>

<b>Non-UCP System Agencies</b>				
<b>Pay Plan Element</b>	<b>General Revenue</b>	<b>Non-General Revenue</b>	<b>Total</b>	<b>Percentage of Total Personal Service</b>
General Structure Adjustment (3.5%)	\$10,381,179	\$21,392,885	\$31,774,064	3.5%
Within Grade Salary Advancements	\$8,349,545	\$17,211,959	\$25,561,504	2.8%
Repositioning	\$1,809,291	\$3,728,475	\$5,537,766	0.6%
<b>Total Non-UCP System Agencies</b>	<b>\$20,540,015</b>	<b>\$42,333,319</b>	<b>\$62,873,334</b>	<b>6.9%</b>

<b>Totals - All Agencies</b>				
<b>Pay Plan Element</b>	<b>General Revenue</b>	<b>Non-General Revenue</b>	<b>Total</b>	<b>Percentage of Total Personal Service</b>
General Structure Adjustment (3.5%)	\$43,744,238	\$43,148,870	\$86,893,108	3.5%
Within Grade Salary Advancements	\$34,925,745	\$34,953,063	\$69,878,808	2.8%
Repositioning	\$10,135,510	\$5,023,903	\$15,159,413	0.6%
<b>Total All Agencies</b>	<b>\$88,805,493</b>	<b>\$83,125,836</b>	<b>\$171,931,329</b>	<b>6.9%</b>

General Structure Adjustment Estimates are based on FY 2006 Total Personal Service Appropriations.

Within Grade Estimates are based on April 2005 data from SAM II HR/Payroll System and FY 2006 Total Personal Service Appropriations.

Repositioning Estimates are based on July 2005 data from the SAM II HR/Payroll System.

Above estimates include fringe benefits tied to salaries of 21.08%.

**AFFECTS OF PAY PLAN RECOMMENDATIONS UPON VARIOUS CLASSES**

<b>Class</b>	<b>Range</b>	<b>Step</b>	<b>Rate</b>	<b>\$ Increase</b>	<b>% Increase</b>
<b>Office Support Asst (Keyboard)</b>	<b>A09</b>	<b>E</b>	<b>\$19,932</b>		
General Structure Adjustment	A09	E	\$20,630	\$698	3.5%
Within Grade (Two Steps)	A09	G	\$21,275	\$645	3.2%
Repositioning	A09	G	\$21,275	\$0	0.0%
Total Recommended Increase				\$1,343	6.7%
<b>Registered Nurse III</b>	<b>A25</b>	<b>T</b>	<b>\$44,508</b>		
General Structure Adjustment	A25	T	\$46,066	\$1,558	3.5%
Within Grade (One Step)	A25	U	\$46,972	\$906	2.0%
Repositioning	A27	U	\$50,997	\$4,025	9.0%
Total Recommended Increase				\$6,489	14.6%
<b>Water Patrol Officer</b>	<b>A23</b>	<b>L</b>	<b>\$35,772</b>		
General Structure Adjustment	A23	L	\$37,024	\$1,252	3.5%
Within Grade (Two Steps)	A23	N	\$38,427	\$1,403	3.9%
Repositioning	A24	N	\$39,881	\$1,454	4.1%
Total Recommended Increase				\$4,109	11.5%
<b>Corrections Officer I</b>	<b>A15</b>	<b>F</b>	<b>\$24,276</b>		
General Structure Adjustment	A15	F	\$25,126	\$850	3.5%
Within Grade (Two Steps)	A15	H	\$25,945	\$819	3.4%
Repositioning	A16	H	\$26,840	\$895	3.7%
Total Recommended Increase				\$2,564	10.6%
<b>Average Salary Level</b>	<b>A20</b>	<b>G</b>	<b>\$29,244</b>		
General Structure Adjustment	A20	G	\$30,268	\$1,024	3.5%
Within Grade (Two Steps)	A20	I	\$31,348	\$1,080	3.7%
Repositioning	A20	I	\$31,348	\$0	0.0%
Total Recommended Increase				\$2,104	7.2%